

## About the progressive tax system of labor remuneration in Russia

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### Abstract

© 2014 Canadian Center of Science and Education. All rights reserved. This paper presents the results of research aimed at improvement of the taxation of wages in Russia. It analyses the problem of determining the progressive income tax scale as being a more socially equitable than the current flat rate in Russia with 13% tax rate on income. Proposed tax scale of tax rates exempts the poor citizens from income tax, shifting the tax burden from the poor to the rich. In accordance with the principle of redistribution that leads to a reduction in income inequality in Russia. The most important source of budget revenues are taxes. In Russia, as in most countries, the tax on personal income (referred to as PIT) is one of the main sources of budget revenues. Its share of the budget is directly dependent on the level of economic development. This is one of the most popular taxes in the world payable on personal incomes. PIT is linked to consumption, and it can either stimulate consumption or reduce it. Therefore, the main challenge of income taxation is to achieve optimal balance between economic efficiency and social justice of the tax. In other words, such tax is required, which would provide the maximum equitable redistribution of income with minimal damage to the interests of taxpayers from taxation. Analysis of tax on personal income shows that it, as well as the whole tax system in the Russian Federation is constantly developing.

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### Keywords

A progressive scale, Budget revenues, Flat scale, Income tax, Income tax on individuals, Scale of tax rates